

DEPARTMENT OF STATE REVENUE

LETTER OF FINDINGS NUMBER: 02-0445

**Individual Income Tax
Calendar Years 1998, 1999, and 2000**

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ISSUE(S)

I. Individual Income Tax – Best Information Available

Authority: 45 IAC 15-5-1

Taxpayer protests the entire audit.

STATEMENT OF FACTS

The Taxpayer is engaged in the business of installing and servicing residential and commercial heating and cooling systems. The audit was based upon best information available as allowed under IC 6-8.1-5-1 (a) because the taxpayer did not supply all of the documents requested for the audit and the documents that were provided were incomplete. During the audit period, the taxpayer performed both taxable and exempt jobs. Taxpayer did not reply to the hearing officer's request for additional information, therefore a hearing was scheduled which the taxpayer did not attend or reply to.

A projection was used in the Sales Tax Audit to determine the total revenue for the taxpayer as minimal records were made available to the auditor. During the audit, it was discovered that the taxpayer had not been reporting all of the income from the operation of its business. The results from the sales and use tax audit lead the Department to believe that the net profit from the operation of taxpayer's business was more than the wages reported by the taxpayer on his Federal Income Tax returns and that the taxpayer's Federal adjusted gross income was understated.

Taxpayer submitted several protest letters stating that the proposed assessments are without reasonable foundation and were assessed using a flawed theory.

I. Individual Income Tax – Best Information Available

DISCUSSION

In reviewing the audit report and the file, it is noted that the assessment stems from best information available from the sales tax audit. The auditor had determined that the net profit from the operation of taxpayer's business was more than the wages reported by the taxpayer on his Federal Income Tax returns and the taxpayer had numerous opportunities to provide additional information, either to the auditor or to the hearing officer. Taxpayer provided nothing to aid in the resolution of the audit.

FINDING

Taxpayer's protest is denied.